

FORECLOSURE#6

JUL 29 2010

RECEIVED

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July 26, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Countrywide Home Loans, Inc.
4500 Park Granada
Calabasas, California 91302
Attn: Mr. Michael W. Schloessmann, Vice President

Re: Mortgage Loan Purchase and Servicing Agreement dated March 23, 2006

Dear Sir:

As indicated previously, this law firm represents HarVest Bank of Maryland in regard to the above referenced Agreement ("the Agreement") and the litigation concerning it, HarVest Bank of Maryland v. Countrywide Home Loans, Inc., USDC-MD Case No. 8:09 cv-00176. The purpose of this letter is to provide notice to Countrywide Home Loans, Inc. ("Countrywide") in accordance with Section 8.01 of the Agreement, of its material breach of representations and warranties made under Sections 3.02(n) and 3.02(p) of the Agreement.

Certain of the loans sold under the Agreement were in default when sold to HarVest Bank of Maryland, in breach of Section 3.02(n) of the Agreement. This was due to the existence of false statements in the relevant loan applications as to the borrowers' income and/or assets, which occasioned a default under Paragraph 7 or 8 of the relevant deeds of trust. The list of loans subject to this breach is included in Exhibit A attached hereto.

Countrywide failed to originate certain of the loans sold under the Agreement in a proper and prudent manner, in breach of Section 3.02(p) of the Agreement. The improper and imprudent origination practices include failure to verify borrower assets and/or income, allowing secondary financing to very high combined loan-to-value ratios, failure to require co-owners of property to be co-borrowers, and purchasing and selling loans with these deficiencies. Other origination deficiencies are described in the report of HarVest Bank of Maryland's expert witness provided in the litigation, to which reference is made. The list of loans subject to this breach is included in Exhibit A attached hereto.

Countrywide's above breaches of representations and warranties have materially and adversely affected the value of the mortgage loans purchased by HarVest Bank. HarVest Bank respectfully demands that Countrywide replace or repurchase the loans as required by Section 3.03(b) of the Agreement. HarVest Bank also respectfully demands Countrywide indemnify it and hold it harmless for its losses arising from the above breaches, including legal fees and expenses, according to Sections 3.03(d) and 6.01 of the Agreement.

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EXHIBIT 4

As of January 31, 2010 HarVest Bank of Maryland's loan losses arising from the above were \$2,258,074.47 for liquidated loans. Our client is in the process of determining its losses from unliquidated loans, and will provide that amount shortly. As you will appreciate, loan losses, legal fees and expenses continue to accrue as time passes.

Liles Parker PLLC

By: 
David P. Parker

cc: General Counsel, Countrywide Home Loans, Inc.
Robert A. Scott, Esquire, Via U.S. Mail

Exhibit A

Loans subject to breach of Sec. 3.02(n):

Mangieri, Stern, Herr, Elna Reyes, Yi, Melgar, Rizvi, Dam, Brickley, Malate, Karimi, Chhabra, Lee, Perera, Rodrigues, Cala, Flores, Villatoro, Kang, Guzman, Sicrodrigues, Ahmed, Hererra, Espinal, Medina, Martin Reyes, Hirunyakes, Song, Diakite and Gooding.

Loans subject to breach of Sec. 3.02(p):

Mangieri, Stern, Herr, Elna Reyes, Yi, Okonkwo, Melgar, Rizvi, Dam, Brickley, Malate, Karimi, Chhabra, Lee, Perera, Rodrigues, Cala, Flores, Douglas, Villatoro, Kang, Guzman, Hussain, Sicrodrigues, Ahmed, Watson, Hwuyhua, Hererra, Carberg, Espinal, Medina, Martin Reyes, Hirunyakes, Song, Main, Diakite and Gooding.

Loans are identified by surname of borrower